

WASHINGTON (February 17) – Congressman Spencer Bachus (AL-6) announced committee passage of four bills aimed at bolstering job creation, capital markets and the economy.

The bills were approved by the House Financial Services Committee, which Bachus chairs.

“For more than a year now the Committee has led efforts to get Americans back to work by removing government barriers to a recovery. Our jobs agenda continued today with four additional bills that empower job creators to invest, hire and expand,” said Bachus said of the votes held last evening.

“Key to building a strong recovery is fixing outdated and costly regulations that make it harder for small companies and entrepreneurs to create jobs. The progress we made today can build a strong foundation that encourages economic growth and job creation,” concluded Bachus.

The Committee approved a bipartisan bill sponsored by Reps. Stephen Fincher and John Carney to revitalize the initial public offering (IPO) market in the United States. The number of IPOs in the United States has steadily declined over the past decade, contributing to the decline of the country’s position in the global economy.

Underscoring the important link between going public and job creation is a recent report by the President’s Council on Jobs and Competitiveness, which found that had the United States maintained the level of start-up activity that it saw in 2007, two million more Americans would be working today. Research indicates that 90 percent of job creation for public firms occurs after they go public.

The legislation, **H.R. 3606, the Reopening American Capital Markets to Emerging Growth Companies Act**, helps reduce the cost of going public for companies by phasing in certain Securities and Exchange Commission (SEC) regulations over a five-year period. This temporary reprieve from costly regulations will allow smaller companies to go public sooner, which directly leads to more job creation within the company. The legislation creates a new category of issuers, called an “Emerging Growth Company” (EGC), which would retain its status for five years or until it exceeds \$1 billion in annual gross revenue or becomes

a large accelerated filer. H.R. 3606 ensures investors are protected by requiring the EGCs to provide audited financial statements as well as establishing and maintaining internal controls over financial reporting.

“Small companies are our nation’s best job creators, but have been the hardest hit by burdensome regulations. On average, 92 percent of a company’s job growth occurs after an IPO. It is imperative we reduce regulations to help these small companies create jobs for Americans. With passage of this bill, small companies considering going public will get the extra break they need to go forward. Small businesses are the real job creators and this bill will help them move forward with their goals so they can expand, hire employees, and put Americans back to work,” said Rep. Fincher.

H.R. 3606 was approved by a vote of 54 to 1.

The Committee also approved the following bills today:

H.R. 1838, the Swaps Bailout Prevention Act, introduced by Rep. Nan Hayworth. The bipartisan legislation fixes a provision in the Dodd-Frank Wall Street reform and Consumer Protection Act (Section 716) that increases systemic risk to the financial system by forcing derivatives trading units from regulated financial institutions into new entities that may be outside the purview of financial regulators. H.R. 1838 ensures derivatives trading units can be overseen by financial regulators and increases the capital available to finance job creation and economic activity.

When Congress was crafting the Dodd-Frank Act, financial regulators raised concerns about the risk involved with Section 716. Then-FDIC Chairman Sheila Bair said that “if all derivatives market making activities were moved outside of bank holding companies, most of the activity would no doubt continue, but in less-regulated and more highly leveraged venues.”

Rep. Hayworth said, “During the debate over the Dodd-Frank Act, many experts, including Federal Reserve Chairman Ben Bernanke, Former FDIC Chairwoman Sheila Bair, and Former Federal Reserve Chairman Paul Volcker, expressed concerns regarding Section 716, which requires banks to conduct swaps activities in a subsidiary or affiliate. These experts warned that this Dodd-Frank provision actually increases risk by pushing swaps activities into entities

that are not directly regulated by the FDIC and the Office of the Comptroller of the Currency. In addition to risk, significant additional costs are incurred capitalizing unnecessary new subsidiaries and affiliates; this money would be better spent on investment and job creation. HR 1838 will repeal the most onerous aspects of this provision, while still prohibiting taxpayer bail-outs.”

H.R. 1838 was approved by a voice vote.

H.R. 2308, the SEC Regulatory Accountability Act, introduced by Rep. Scott Garrett. H.R. 2308 directs the SEC to conduct cost-benefit analyses of its regulations and proposed rules. H.R. 2308 also ensures that the benefits of the SEC regulations outweigh the costs. In a testament to how much H.R. 2308 is needed, a federal appeals court unanimously overturned one of the SEC’s Dodd-Frank rules last year because the court found the agency failed to properly conduct a cost-benefit analysis. In January, David Kotz, the outgoing inspector general of the SEC, criticized how the agency analyzes the economic impact of some of its Dodd-Frank rules.

“I was pleased to see the House Financial Services Committee take this important step in rethinking how Washington regulates private businesses by passing the SEC Regulatory Accountability Act. This straight-forward bill simply requires the SEC to determine whether a proposed rule would place an undue burden on the U.S. economy. With 36 straight months of unemployment over 8 percent, we should be doing all we can to promote job creation, not stand in the way. I look forward to this bill receiving prompt consideration by the full House,” said Rep. Garrett.

The legislation was approved by a vote of 30 to 26.

H.R. 4014, introduced by Rep. Bill Huizenga. The legislation fixes an omission in the Dodd-Frank Act that opens the door for third parties to obtain privileged information provided by financial institutions to the Consumer Financial Protection Bureau (CFPB). The bill requires the CFPB to preserve the confidentiality of privileged information it receives from financial institutions, as other banking regulators do.

“This is an important step in ensuring we actually protect consumers and close the loopholes in

the massive CFPB legislation. I am happy my colleagues on the Committee joined me today to pass this, and I look forward to swift passage by the House,” said Congressman Huizenga.

The Committee approved H.R. 4014 by voice vote.